



**MEETING OF THE INVESTMENT COMMITTEE OF THE RETIREMENT BOARD  
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND  
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT  
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY  
33 N Dearborn St, Suite 1000  
Chicago, Illinois 60602**

**Minutes for the May 28, 2015 Meeting**

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund."

Call to Order and Roll Call at 9:30 a.m.

**Investment Committee**

**in attendance:**

Mr. Patrick McFadden (Chairman), Mr. John Fitzgerald, Ms. Diahann Goode, Ms. Alexis Herrera, Mr. Brent Lewandowski, Mr. Patrick Nester, Mr. Samuel Richardson Jr. and Mr. Lawrence Wilson.

**Staff Present:**

N. Hackett, M. Maratea, F. Vinzons, K. Quaye and C. Hollins.

**Others Present:**

S. Haskins, J. Jackson, M. Joecken and J. McKee – Callan; T. Picketts – Topeka; J. Parks – Loop Capital

1. Approval of March 11, 2015 Investment Committee Meeting Minutes;

***Motion for Approval and Adoption of Minutes.*** It was moved by Trustee Fitzgerald and seconded by Trustee Richardson that the minutes of the March 11, 2015 Investment Committee meeting be approved and adopted.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

2. Administrative Updates;

Mr. Vinzons updated the Investment Committee on several manager and investment partnership updates.

- a) CBRE Strategic Partners U.S. Value 7 – Fundraising Term Extension Request

- CBRE requested an extension of fundraising through June to accommodate four additional investors that may represent up to \$180 million. Callan reviewed the request and recommended approval of the extension as the prospects are limited, the amounts do not bring them to their target and all other dates on the partnership and terms do not change.

b) Evergreen IV – One Year Term Extension Request

- On March 12, 2015, the General Partners to Evergreen IV requested a final one year term extension request until March 31, 2016 to maximize the return and enable the fund to maintain board seats in its portfolio companies prior to anticipated liquidity. Mesirow Financial Private Equity, as part of their legacy portfolio oversight, reviewed the request and recommended that the Fund approve the request based on minimal fees (total of \$100,000 for the year) and focus on maximizing LP value.

c) Evergreen III – Two Year Escrow Account and Representation Agreement Request

- On April 30, 2015, the Evergreen III General Partners requested a two year extension to the escrow account and the representation agreement of said escrow account on behalf of the Fund. Mesirow Financial Private Equity, as part of their legacy portfolio oversight, reviewed the request and recommended that the Fund approve the request based on maximizing LP value.

d) Lombardia Capital Partners – Organizational and Management Ownership Update

- It was announced on April 1, 2015 that one of Lombardia's three founding partners, Jorge Castro, passed away. Previously, on March 6, 2015, it was announced that Mr. Castro relinquished his large cap value duties but would remain as Executive Chairman of the Board. As part of the transition, Lombardia agreed to purchase a portion of Mr. Castro's ownership held under a family trust to redistribute among existing partners.

Mr. Maratea also updated the Investment Committee that the Fund is in ongoing due diligence with third parties about potential distributions related to class action lawsuits.

3. Farmland Update;

Ms. Haskins updated the Investment Committee regarding discussions with the General Partner of Cozad Premiere Partners II as the partnership nears its wind-up. It was concluded that the General Partner's latest proposal was unacceptable and that discussions held over the past few months had reached an impasse. As next steps, the Investment Committee recommended to the Board that Fund Investment Staff and Callan be authorized to instruct the General Partner to sell the assets held by the partnership.

***Motion for Execution of Recommendations made by Callan.*** It was moved by Trustee Herrera and seconded by Trustee Richardson to recommend to the Board that Fund Staff and Callan 1) instruct the General Partner to conduct a marketing process and sell the assets; 2) if possible, prohibit the use of affiliated brokerage firm in the sale process; and 3) ensure that the General Partner's fee is based on realized proceeds.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

4. First Quarter Performance Update;

Mr. Jackson and Mr. Joecken reviewed the first quarter 2015 performance for each fund as prepared and presented by Callan. The Cook County Fund had a market value of \$9.0 billion and the Forest Preserve Fund had a market value of \$203 million as of March 31, 2015. For the first quarter, both funds outperformed their respective benchmarks with the Cook County Fund returning 2.81% (vs. 2.24% benchmark) and the Forest Preserve Fund returning 3.20% (vs. 2.43% benchmark). This ranked the Cook County Fund in the 14th percentile for the quarter according to Callan's Large Public Fund Sponsor > \$1B Universe and the Forest Preserve Fund in the 5th percentile for the quarter according to Callan's Mid-Sized Public Fund Sponsor Database.

Both funds' domestic equity portfolios were the largest contributors to performance with Cook County returning 2.80% (vs. 1.80% benchmark) and Forest Preserve 3.67% (vs. 2.21% benchmark) for the first quarter. Domestic equity performance was driven by strong active management by the Fund's small/mid cap managers. Mr. Jackson noted that both funds' international equity portfolios also outperformed their respective benchmarks with Cook County returning 3.80% (vs. 3.59% benchmark) and Forest Preserve 4.00% (vs. 3.59% benchmark) for the first quarter.

Within Cook County's fixed income portfolio, all fixed income managers generated positive returns for the quarter despite fixed income trailing the benchmark by 16 basis points. Exposure to corporates contributed to performance while mortgage-backed securities detracted from performance. Strong active management in core fixed income caused Forest Preserve to outperform its fixed income benchmark 1.70% (vs 1.61%). In addition, both funds' alternative investments contributed positively to performance.

Additionally, Mr. Jackson highlighted that both the Cook County Fund and the Forest Preserve Fund outperformed their respective benchmarks for the one-year, two-year, three-year and five-year periods for the period ended March 31, 2015.

5. Hedge Fund Asset Class Review;

Mr. McKee discussed the current economic environment for hedge funds and the impact to the Fund's hedge fund portfolio structure. Mr. McKee also covered hedge fund universe returns, peer fund hedge fund allocations and historical risks and returns of hedge fund sub strategies as part of his review with the committee. Then Mr. McKee advised the committee that the Fund's current hedge fund portfolio had performed well in recent periods against similar peer groups and the index. Finally, Mr. McKee presented an investment outlook on the asset class wrapped up the discussion.

6. Emerging Manager Utilization Update;

Mr. Quaye updated the Investment Committee of re-classifications to two of the Fund's existing emerging manager utilizations as a result of AUM changes. Mr. Quaye noted that the total Fund's emerging manager utilization stood at 17.5% as of March 31, 2015.

7. Adjournment.

It was moved by Trustee Richardson and seconded by Trustee Goode that the meeting be adjourned.

[Vote Result:](#) MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE